

2001

**SCHEDULES 1 & 2**

Enclose with your Form 1040ME

010211200

Name(s) as shown on Form 1040ME

Your Social Security Number

**SCHEDULE 1 — INCOME MODIFICATIONS****1 ADDITIONS** — Income exempt from federal income tax, but taxable by Maine law:

- a** Income from municipal and state bonds, other than Maine ..... **1a** \_\_\_\_\_ ' \_\_\_\_\_ \*
- b** Net Operating Loss Recovery Adjustment (Attach a schedule showing your calculation) ..... **1b** \_\_\_\_\_ ' \_\_\_\_\_ \*
- c** Maine State Retirement Contributions ..... **1c** \_\_\_\_\_ ' \_\_\_\_\_ \*
- d** Fiduciary Adjustment- additions only (Attach a copy of your federal Schedule K-1) ..... **1d** \_\_\_\_\_ ' \_\_\_\_\_ \*
- e** Other (See instructions) ..... **1e** \_\_\_\_\_ ' \_\_\_\_\_ \*
- f** Total additions (Add lines 1a through 1e) ..... **1f** \_\_\_\_\_ ' \_\_\_\_\_ \*

**2 DEDUCTIONS** — Income exempt from Maine income tax, but taxable by federal law:

- a** U.S. Government Bond interest included in federal adjusted gross income ..... **2a** \_\_\_\_\_ ' \_\_\_\_\_ \*
- b** State Income Tax Refund (List only if included in federal income) ..... **2b** \_\_\_\_\_ ' \_\_\_\_\_ \*
- c** Social Security and Railroad Retirement Benefits included in federal adjusted gross income  
(See instructions) ..... **2c** \_\_\_\_\_ ' \_\_\_\_\_ \*
- d** Pension Income Deduction (Complete and attach the worksheet on page 18) ..... **2d** \_\_\_\_\_ ' \_\_\_\_\_ \*
- e** Interest from Maine Municipal General Obligation Bonds included in federal adjusted gross income ..... **2e** \_\_\_\_\_ ' \_\_\_\_\_ \*
- f** Premiums for Long-Term Care Insurance (Do not include health insurance premiums on this line)  
(See instructions). **NOTE: If you itemize deductions, see worksheet for line 2f on page 9** ..... **2f** \_\_\_\_\_ ' \_\_\_\_\_ \*
- g** Maine State Retirement System Pick-Up Contributions paid to the taxpayer during 2001  
which have been previously taxed by the state ..... **2g** \_\_\_\_\_ ' \_\_\_\_\_ \*
- h** Federal Work Opportunity Credit ..... **2h** \_\_\_\_\_ ' \_\_\_\_\_ \*
- i** **Fiduciary Adjustment-deductions only** (Attach a copy of your federal Schedule K-1) ..... **2i** \_\_\_\_\_ ' \_\_\_\_\_ \*
- j** Other. List \_\_\_\_\_ (See instructions) ..... **2j** \_\_\_\_\_ ' \_\_\_\_\_ \*
- (Nonresidents and Part-year residents - Do not enter non-Maine income)
- k** Total Deductions (Add lines 2a through 2j) ..... **2k** \_\_\_\_\_ ' \_\_\_\_\_ \*

**3 Net Modification** (Subtract line 2k from line 1f — enter here and on 1040ME, page 1, line 15  
[May be a negative amount]) ..... **3** \_\_\_\_\_ ' \_\_\_\_\_ \***SCHEDULE 2 — ITEMIZED DEDUCTIONS**

- 4** Total itemized deductions from federal Form 1040, Schedule A, line 28 ..... **4** \_\_\_\_\_ ' \_\_\_\_\_ \*
- 5 a** Income taxes imposed by this state or any other taxing jurisdiction included in line 4 above  
(From federal Form 1040, Schedule A, line 5 — see instructions if page 1, line 14 exceeds \$132,950  
[\$66,475 if Married Filing Separately]) ..... **5a** \_\_\_\_\_ ' \_\_\_\_\_ \*
- b** Deductible costs, included in line 4 above, incurred in the production of Maine exempt income  
(See instructions) ..... **5b** \_\_\_\_\_ ' \_\_\_\_\_ \*
- c** Amounts included in line 4 that are also being claimed for the Family Development Account Credit  
on Maine Schedule A, line 23. .... **5c** \_\_\_\_\_ ' \_\_\_\_\_ \*
- d** Amount included in line 4 attributable to income from an ownership interest in a flow-through entity  
financial institution ..... **5d** \_\_\_\_\_ ' \_\_\_\_\_ \*
- 6** Deductible costs of producing Maine taxable income, excluded from line 4 above, incurred in the  
production of federally exempt income ..... **6** \_\_\_\_\_ ' \_\_\_\_\_ \*
- 7** Line 4 minus lines 5a, b, c and d plus line 6. Enter result here and on 1040ME, page 1, line 17 ..... **7** \_\_\_\_\_ ' \_\_\_\_\_ \*

Note: If the amount on line 7 is less than your allowable standard deduction, use the standard deduction.

If Married Filing Separately, however, both spouses must either itemize or use the standard deduction.

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**2001 - Worksheet for Pension Income Deduction - Schedule 1, Line 2d**

Enclose with your Form 1040ME

You and your spouse (if married) may each deduct up to \$6,000 of eligible pension income\* that is included in your federal adjusted gross income. Except for military pension benefits, the \$6,000 cap must be reduced by any social security and railroad retirement benefits received, whether taxable or not. Deductible pension income includes state, federal, and military pension benefits as well as retirement benefits received from plans established and maintained by an employer for the benefit of its employees under Sections 401(a) (Qualified Pension Plans, including qualified SIMPLE plans), 403 (Employee annuities), and 457(b) (State and local government/tax exempt organizations/eligible deferred compensation plans) of the Internal Revenue Code (IRC). Pension benefits received from an individual retirement account (including SIMPLE retirement accounts), simplified employee pension plan, benefits from an ineligible deferred compensation plan, lump sum distributions, and refunds of excess contributions do not qualify for the deduction. Also, disability benefits reported as wages do not qualify. **\*Except in the case of a surviving spouse, eligible pension income does not include benefits earned by another person. Only the individual that earned the benefit from prior employment may claim the pension income for the deduction. However, a widowed spouse receiving survivor's benefits under an eligible pension plan may claim that amount for purposes of this deduction, but the total pension deduction for the surviving spouse may not exceed \$6,000.**

		Taxpayer		Spouse*	
1. Total eligible <b>non-military</b> pension income (both Maine and non-Maine sources) included in your federal adjusted gross income (from federal form 1040A, line 12b or Form 1040, line 16b). ( <i>Do not include social security or railroad retirement benefits received or pension benefits received from an individual retirement account, simplified employee pension plan, an ineligible deferred compensation plan, lump sum distributions, or refunds of excess contributions</i> ).	1.	\$		\$	
2. Maximum allowable deduction	2.	\$	6,000.00	\$	6,000.00
3. <b>Total</b> social security and railroad retirement benefits you received - whether taxable or not	3.	\$		\$	
4. Subtract line 3 from line 2 (if zero or less, enter zero)	4.	\$		\$	
5. Enter the smaller of line 1 or line 4 here	5.	\$		\$	
6. Total eligible <b>military</b> pension income	6.	\$		\$	
7. Add line 5 and line 6	7.	\$		\$	
8. Enter the smaller of line 2 or line 7 here and the total for both spouses on Schedule 1, line 2d (page 17)	8.	\$		\$	

**\*Use this column only if filing a married-joint return and only if spouse separately earned an eligible pension.**